

PORTFOLIO LANDLORD

Background

The Prudential Regulatory Authority (PRA) issued Underwriting Standards for BTL mortgage contracts in September 2016. These Standards require lenders to implement a specific underwriting treatment for Portfolio Landlords from 30th September 2017. This means lenders will consider the individual transaction and the overall customer portfolio position.

A Portfolio Landlord application is where the customers have 4 or more mortgaged BTL properties including the new transaction. This is based on the total number held by all customers party to the application.

E.g. Applicant 1 has 2 mortgaged BTL properties and applicant 2 has 1 mortgaged BTL property – they are buying a new property together and so have 4 in total and the application is classified as a Portfolio Landlord.

Mortgaged BTL properties include those held in a personal name, Limited Company or any other legal entity.

BM Solutions changes

From Monday 11th September all customers holding 4 or more mortgaged BTL properties will have a manual assessment by one of our experienced underwriters

Process

- All applications will still be submitted via our online mortgage application
- A new question will be asked to determine the number of mortgaged BTLs on application
- 3 or less, including the new application will continue as current process
- 4-10, including the new application, will require a "Customer Profile Form", proof of income, deposit and supporting documentation
- You will be advised of the "Customer Profile Form" requirement at DIP and full application
- Upload "Customer Profile Form", proof of income and deposit to Intralinks
- Our experienced underwriters will review, instruct valuation on acceptable applications, or contact you if further information required
- We will only instruct valuation after the underwriting process.

Key criteria changes for Portfolio Landlords

- No more than 10 BTL mortgaged properties including the new application to BM Solutions.
- Minimum earned income of 30k – Income defined as; earned income from employment or self-employment (including taxable profit from the property portfolio); pension income; investment income
- Maximum aggregate portfolio* of 75% LTV
- Minimum aggregate portfolio Rental Cover Ratio of 145% stressed at 5.5%.

• Unencumbered Let Property

- Not included in the count of mortgaged BTL property
- Must be declared on the Customer Profile Form – and will be included within the assessment of aggregate LTV and Rental Cover Ratio.

For support please visit BMSolutions.co.uk or speak to your Business Development Manager.

For the use of mortgage intermediaries and other professionals only.

*Based on the entire portfolio including acquiring property and any unencumbered let property.